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DDA REGISTRY

FILE: *Committees*

DDA 81-1170/9

20 JUL 1981

MEMORANDUM FOR: Director of Central Intelligence

VIA: Deputy Director of Central Intelligence

FROM: Harry E. Fitzwater
Deputy Director for Administration

SUBJECT: Directorate of Administration Efficiencies and Cost Savings

REFERENCE: Memorandum for DCI from DDA, Subject, Cost Reduction and Efficiency, dated 4 June 1981, DDA 81-1170/1

1. In accordance with the reference, attached are efficiencies and associated cost savings achieved in the Directorate of Administration since FY-79. I asked that this report cover the period from FY-79 to June 1981 in order to correct any misperception or impression that the Directorate of Administration has not been concerned with improving efficiencies and cost savings. (U)

2. The savings enumerated in the attachment are considered remarkable since the Administration Directorate non-personnel services budget for FY-80, FY-81, and FY-82 are all less than the FY-79 budget in terms of constant dollars. Also, the Administration Directorate is more heavily impacted by inflation, particularly that resulting from energy and materiel costs, than any other Directorate. That the Administration Directorate was able to achieve significant savings in this environment can be directly attributed to continuing efforts to "do more with less." (U)

3. Several cautions regarding the magnitude of the cost savings shown in the attachment should be observed:

a. The savings shown cover the period from FY-79 until 30 June 1981, but for a given item, savings are shown only for this period since the implementation of that item, i.e., individual savings could cover a period as long as two years and nine months or as short as only several months. These savings would be even larger had we chosen to show total "life-cycle" savings.

b. In some cases, the actual savings are unequivocal as in the case of the deletion of a discrete service or function. In other cases, however, the savings shown should technically be reduced by some portion of those centralized (overhead) support costs such as data processing and communications which may have made the savings possible. However, we have chosen not to do so because of the difficulty in calculating and prorating these overhead costs and

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because the approach taken is that most commonly used in calculating savings within the government.

c. In yet other cases, such as "negotiated contract savings," one could argue that these are not true "savings" in that they did not result from the application of a new idea, technique, or approach.

d. Finally, any reduction in personnel is considered a savings, even if these personnel were reassigned within the same component, provided it would have been necessary to request additional personnel to meet new requirements which were levied on the component during the same time frame.

The above is simply to state the obvious, that these statistics could be interpreted in different ways. Far more important than the dollars shown is an understanding of the substance of the efforts made to achieve greater efficiencies and cost savings. (S)

4. In accordance with the CORE program we will be submitting to the Agency's Working Group many other ideas for consideration to achieve additional efficiencies and savings in the future. After these are considered by the Agency CORE group they may be presented to the EXCOM for further consideration. (U)



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Harry E. Fitzwater

Attachment

DDA:HEFitzwater:cn (17 Jul 81)

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Attached is a schedule
for submitting material
to be discussed at the
CORE meetings.

DDA CORE WORKING GROUP

SCHEDULE

- o All paragraphs and associated cost savings for the capital investment category should be submitted to (C/DND/OC, 1B24 HQS) by COB 6 July 1981.

*Part in right format
FY-81 Supplimented
FY-82 1st quarter.
By 1500
9/10/81
all other*

- o The paragraphs on past efficiencies and covering memorandum (which is drafting and will forward prior to the meeting) will be discussed at the 8 July 1981 meeting.

(attached)

- o At the 15 July 1981 meeting, the group will discuss the capital investment submittals.

Also, the paragraphs on all remaining categories for future efficiencies are due to the Deputy Director of Logistics by COB 15 July 1981.

- o At the 22 July 1981 meeting the topic of discussion will be the submittals on all remaining categories.

Note: The CORE meetings will be held in Room 3E14, Headquarters.

